

***FAIRPLAIN TOWNSHIP***

MONTCALM COUNTY, MICHIGAN

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2004

**J A M E S D. L A N T Z**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 191, Greenville, MI 48838-0191

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>FAIRPLAIN TOWNSHIP</b>	County <b>MONTCALM</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/10/04</b>	Date Accountant Report Submitted to State: <b>9/14/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

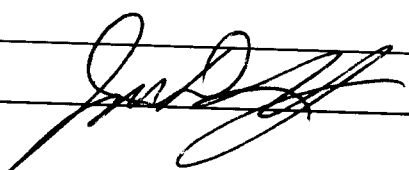
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <b>JAMES D. LANTZ, CPA</b>			
Street Address <b>P.O. BOX 191</b>		City <b>GREENVILLE</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48838-0191</b>	Date <b>9/14/04</b>

## TABLE OF CONTENTS

	PAGE
ACCOUNTANTS' REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Balance Sheets - All Funds and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - General Fund	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	4
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance - Proprietary Fund Types and Similar Trust Funds	5
Combined Statement of Cash Flows - All Proprietary Funds Types and Similar Trust Funds	6
Notes to Financial Statements	7 - 10
INDIVIDUAL FUND FINANCIAL STATEMENTS:	
FIDUCIARY FUND - CURRENT TAX COLLECTION: Statement of Changes in Assets and Liabilities	11
COMMENTS AND RECOMMENDATIONS	12

# JAMES D. LANTZ

CERTIFIED PUBLIC ACCOUNTANT

September 10, 2004

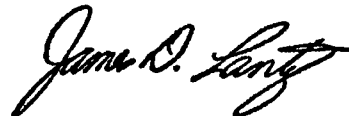
Township Board  
Fairplain Township  
Montcalm County, Michigan

We have audited the general purpose financial statements of FAIRPLAIN TOWNSHIP, Montcalm County, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Fairplain Township, Michigan, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of FAIRPLAIN TOWNSHIP, Montcalm County, at March 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

As required by the State Treasurer, a letter of comments and recommendations is included in this report.



Page 1

GENERAL PURPOSE FINANCIAL STATEMENTS

**FAIRPLAIN TOWNSHIP**  
**Combined Balance Sheet - All Fund Types and Account Groups**  
**March 31, 2004**

	<u>Governmental</u> <u>Fund Type</u> <u>General</u>	<u>Fiduciary</u> <u>Fund Type</u> <u>Cemetery</u> <u>Perpetual Care</u>	<u>Account</u> <u>Group</u> <u>General</u> <u>Fixed Assets</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
<b>ASSETS:</b>				
Cash in bank	\$ 165,354	\$ 17,314	\$ -	\$ 182,668
Land and improvements	-	-	22,622	22,622
Buildings	-	-	90,898	90,898
Equipment	-	-	11,527	11,527
Total assets	<u>\$ 165,354</u>	<u>\$ 17,314</u>	<u>\$ 125,047</u>	<u>\$ 307,715</u>
<b>LIABILITIES AND EQUITY:</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Investment in fixed assets	-	-	125,047	125,047
Fund balance	<u>165,354</u>	<u>17,314</u>	<u>-</u>	<u>182,668</u>
Total liabilities and fund equity	<u>\$ 165,354</u>	<u>\$ 17,314</u>	<u>\$ 125,047</u>	<u>\$ 307,715</u>

See Notes to Financial Statements.

# FAIRPLAIN TOWNSHIP

## Combined Statement of Revenues, Expenditures and Changes in Fund Balance For the Year Ended March 31, 2004

	<b>General Fund</b>	<b>Totals (Memorandum Only)</b>
<b>REVENUES:</b>		
Taxes	\$ 34,531	\$ 34,531
Licenses and permits	340	340
State grants	134,438	134,438
Charges for services	-	-
Interest and rents	1,215	1,215
Other revenue	1,740	1,740
Total revenues	<u>172,264</u>	<u>172,264</u>
<b>EXPENDITURES:</b>		
Legislative	13,422	13,422
General government	40,474	40,474
Public safety	10,000	10,000
Public works	69,478	69,478
Other functions	3,093	3,093
Total expenditures	<u>136,467</u>	<u>136,467</u>
Excess revenues over (under) expenditures	35,797	35,797
Fund balance - beginning	<u>129,557</u>	<u>129,557</u>
Fund balance - ending	<u>\$ 165,354</u>	<u>\$ 165,354</u>

See Notes to Financial Statements.

# FAIRPLAIN TOWNSHIP

## Combined Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended March 31, 2004

### GENERAL FUND

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Taxes	\$ 34,000	\$ 34,531	\$ 531
Licenses and permits	-	340	340
State grants	137,500	134,438	(3,062)
Charges for services	-	-	-
Interest and rents	-	1,215	1,215
Other revenue	2,000	1,740	(260)
Total revenues	<u>173,500</u>	<u>172,264</u>	<u>(1,236)</u>
EXPENDITURES:			
Legislative	24,800	13,422	11,378
General government	94,200	40,474	53,726
Public safety	10,000	10,000	-
Public works	86,500	69,478	17,022
Other functions	3,400	3,093	307
Total expenditures	<u>218,900</u>	<u>136,467</u>	<u>82,433</u>
Excess revenues over (under) expenditures	(45,400)	35,797	81,197
Fund balance - beginning	<u>129,557</u>	<u>129,557</u>	<u>-</u>
Fund balance - ending	<u>\$ 84,157</u>	<u>\$ 165,354</u>	<u>\$ 81,197</u>

See Notes to Financial Statements.



**FAIRPLAIN TOWNSHIP**  
Combined Statement of Revenues, Expenditures, and Changes in  
Retained Earnings/Fund Balance  
Proprietary Funds Types and Similar Trust Funds  
(Cemetery Perpetual Care Fund)  
For The Year Ended March 31, 2004

Operating Revenues:

Interest

\$ -0-

Total operating revenues

-0-

Net Income

-0-

Retained earnings/fund balance - beginning

17,314

Retained earnings/fund balance - ending

\$17,314

See Notes to Financial Statements

**FAIRPLAIN TOWNSHIP**  
Combined Statement of Cash Flows – Proprietary Fund Types and Similar Trust Funds  
(Cemetery Perpetual Care Fund)  
For The Year Ended March 31, 2004

Cash flows from investing activities:

Interest	\$ <u>-0-</u>
Net increase in cash and cash equivalents	-0-
Cash and cash equivalents - beginning	<u>17,314</u>
Cash and cash equivalents - ending	<u>\$17,314</u>

See Notes to Financial Statements

**FAIRPLAIN TOWNSHIP**  
Notes To Financial Statements  
March 31, 2004

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

**Reporting Entity**

In accordance with the provisions of GASB Statement 14, these financial statements present Fairplain Township and its component units. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. No component units were identified which, based on this criteria, should be included in this report.

**A. Basis of Presentation – Fund Accounting**

The accounts of the Township are organized on the basis of funds or account groups each of which are considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenue, and expenditures/expenses. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Township.

**GOVERNMENTAL FUND TYPE**

Governmental Funds are those through which all governmental functions of the Township are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Township's governmental fund types:

**General Fund**

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**FAIRPLAIN TOWNSHIP**  
Notes To Financial Statements  
March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

A. Basis of Presentation - Fund Accounting (Cont'd.)

FIDUCIARY FUND TYPES

Trust and Agency Funds

The Trust and Agency Funds are utilized to account for assets held in a trustee or custodial capacity for individuals and other entities. These funds include expendable and non-expendable trust and agency funds and are accounted for and recorded as governmental funds.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for general fixed assets. The following are the account groups:

General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets.

B. Cash and Cash Equivalents

For purposes of the statement of cash flows, demand deposits and certificates of deposit are considered to be cash equivalents.

C. Basis of Accounting

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable.

**FAIRPLAIN TOWNSHIP**  
Notes To Financial Statements  
March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

C. Basis of Accounting (continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Township therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time or receipt or earlier if the susceptible to accrual criteria are met.

D. Property Taxes

The Township property tax is levied each December 1 on the assessed valuation of property, as equalized by the State, located within the Township as of the preceding December 31.

E. General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and were capitalized at cost in the general fixed assets account group.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, street and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such drainage systems, and lighting systems, have been capitalized. Such assets normally are unmovable and of value only to the Township. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets.

F. Total Data

The total data presented in the combined financial statements are the aggregate of the fund types and account groups. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

**FAIRPLAIN TOWNSHIP**  
Notes To Financial Statements  
March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

G. Excess of Expenditures over Appropriations in Budgetary Funds

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's budget and actual expenditures are shown on an activity level. The approved budgets were adopted on an activity level.

During the year ended March 31, 2004, the Township did not incur expenditures in excess of amounts budgeted.

H. Compensated Absences

There are no compensated absences subject to accrual in accordance with GASB Statement No. 16.

NOTE 2: CASH AND CASH EQUIVALENTS:

Deposits are carried at cost. The balance of cash and cash equivalents at March 31, 2004, is \$182,668. Of this amount, \$117,314 is covered by F.D.I.C. insurance, and the remaining \$65,354 is uninsured and uncollateralized. All balances fall within risk category 1 of GASB Statement No. 3.

NOTE 3: FIXED ASSETS:

Changes in general fixed assets are:

	Balance 4/1/2003	Additions	Balance 3/31/04
Land	\$ 20,361	\$ 2,261	\$22,622
Buildings	90,898		90,898
Equipment	11,527		11,527
	<u>\$122,786</u>	<u>\$ 2,261</u>	<u>\$125,047</u>

INDIVIDUAL FUND FINANCIAL STATEMENTS

**FAIRPLAIN TOWNSHIP**  
Statement of Changes in Assets and Liabilities  
Current Tax Collection Fund  
For the Year Ended March 31, 2004

	<u>Balance</u> <u>4/1/2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/2004</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 610,592	\$ 610,592	\$ -
Total assets	<u>\$ -</u>	<u>\$ 610,592</u>	<u>\$ 610,592</u>	<u>\$ -</u>
<b>LIABILITIES:</b>				
Due to other funds	\$ -	\$ 28,527	\$ 28,527	\$ -
Due to other govenmental units	<u>-</u>	<u>582,065</u>	<u>582,065</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ 610,592</u>	<u>\$ 610,592</u>	<u>\$ -</u>

See Notes to Financial Statements



# JAMES D. LANTZ

CERTIFIED PUBLIC ACCOUNTANT

September 10, 2004

Township Board  
Fairplain Township  
Montcalm County, Michigan

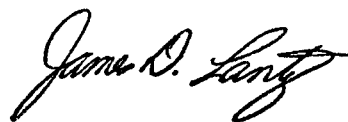
RE: Comments and Recommendations

Gentlepersons:

We have examined the general purpose financial statements of FAIRPLAIN TOWNSHIP, Montcalm County, for the year ended March 31, 2004, and have issued our report thereon dated September 10, 2004.

Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions". Solely to assist us in planning and performing our examination, we made a study and evaluation of the internal accounting controls of FAIRPLAIN TOWNSHIP, Montcalm County. That study and evaluation was limited to a preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because we are not relying on the entity's internal accounting control procedures to restrict our substantive tests, our study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole. Also, our examination made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the system of internal accounting control. However, our examination disclosed no conditions that we believe to be a material weakness.

This report is intended solely for the use of management and should not be used for any other purpose.



Page 12

P.O. BOX 191, GREENVILLE, MICHIGAN 48838-0191